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Governor Barbour Announces New Phases of Housing Assistance Plan Programs Targeted to Low and Moderate Income Homeowners, Renters

JACKSON, Mississippi – Two new phases of a comprehensive approach to meet critical housing needs for victims of Hurricane Katrina on the Mississippi Coast were announced today by Governor Haley Barbour.

“Housing is the most critical component of our recovery from Hurricane Katrina and these two new initiatives will help thousands more displaced Coast families take another step toward restoring normalcy in their daily lives,” Governor Barbour said. “I have submitted these plans to the U.S. Department of Housing and Urban Development and hope federal officials will act quickly to approve them.”

The new initiatives, which build on a homeowner assistance grant program that is currently under way, contain a number of elements as outlined below (for a complete description of these initiatives and other details, go to www.governorbarbour.com):

Phase II of the Homeowners Assistance Grant Program

Phase II is designed to help 7,000-10,000 low to moderate income homeowners whose homes were damaged by the storm surge but were not eligible for Phase I of the homeowner grant program, Governor Barbour said. Such homeowners can qualify regardless of whether they were uninsured or under-insured and regardless of whether their homes were inside or outside the flood plain. Some 13,000 to 15,000 homeowners qualified for Phase I of the program and are in the process of receiving their grants.

Under the new program, homeowners would receive a subsidy of up to \$50,000 to fill the gap between the cost to rebuild/repair and the homeowner’s ability to pay. This subsidy also would be available to homeowners who choose to sell the damaged property and relocate somewhere else within the lower six counties in Mississippi. To be eligible for the subsidy, the homeowner must agree to stay in the home for at least five years, either on the pre-Katrina site or in the relocated home.

An additional subsidy of up to \$25,000 would be available to homeowners with disabilities or special needs. A significant component of this program would be financial counseling for the homeowners.

Increasing the supply of rental housing

Hurricane Katrina destroyed a significant portion of the rental properties on the Gulf Coast. Many of these were single family units, duplexes, or other small rental properties. By offering \$25,000 per unit in two annual installments to owners of 10 units or less in

exchange for certain conditions on affordability, more than 5,000 rental units will become available to lower and workforce income families.

In addition, the Gulf Opportunity Zone Act authorizes the Mississippi Home Corporation to allocate approximately \$35 million in annually in Low Income Housing Tax Credits in 2006, 2007, 2008. The Mississippi Home Corporation awards these federal tax credits based on a competitive scoring process conducted according to the “Qualified Allocation Plan” approved by the Governor.

In August 2006, Mississippi Home Corporation awarded more than \$10 million of housing tax credits which will facilitate the construction of 1,006 housing units in Hancock, Harrison, Jackson and Stone counties. These units are available only to families with incomes of less than 60% of the Area Median Income.

To ensure that more of the tax credits are directed to the areas that need them the most, the Mississippi Home Corporation is restructuring the Qualified Allocation Plan at Governor Barbour’s urging. Not only will the new plan ensure that more credits are used in the lower six counties, the revised plan encourages innovative mixed income developments that will provide new rental housing for families between 60% and 80% of the Area Median Income and new market rate rental units.

It is estimated these federal tax credits will spur the construction of more than 5,000 rental units in the lower six counties. In addition, previously-announced plans will provide 2,500 units of public housing. Collectively, these three programs will enable construction of more than 12,500 units.

Also, to assist former renters’ transition to homeownership, the Governor’s office is working with non-profit groups, the Mississippi Development Authority, and others to develop a financial assistance plan similar to the one designed for the Phase II applicants.

Governor Barbour said the newest initiatives are part of his comprehensive approach to addressing the critical housing needs of people on the Mississippi Gulf Coast after Hurricane Katrina. So far, his comprehensive plan includes initiatives that:

- Compensate homeowners who relied to their detriment on those who said they did not need flood insurance;
- Assist uninsured and underinsured lower income homeowners affected by the storm surge;
- Lower borrowing costs to encourage new homeownership;
- Restore lost public rental housing; rebuild and construct affordable rental units for lower income families;
- Mitigate the increasing cost of insurance for homeowners;

- Pursue innovative housing solutions such as modular housing;
- Help local governments with the burden of inspecting and permitting housing construction; and
- Construct new public water and sewer infrastructure to facilitate new housing developments.

With the programs outlined in the Governor's plan, more than 35,000 households of both homeowners and renters will receive assistance.

For more details on the Governor's comprehensive housing plan, go to www.governorbarbour.com.

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